

REMARKS

The Office Action of June 7, 2006 has been reviewed and the comments therein were carefully considered. Claims 1-39 are currently pending. Claims 24-38 are withdrawn from consideration.

Interview of August 14, 2006

Applicants would like to thank the Examiner for participating in the helpful interview on August 14, 2006. During the interview Applicant's representative and the Examiner discussed the Office Action and the Kaminsky et al. reference.

Claim Objections

Claims 1-23 and 39 are objected to because they are alleged to contain informalities. During the interview on August 14, 2006, the Examiner indicated that the claims were objected to because the Examiner found that certain words were not legible. The Examiner and Applicant agreed that the problem is the result of scanning the original application. The present Response includes a complete listing of the claims. The Applicant requests that the Examiner contact the Applicant if the Examiner needs another copy of the original application. The Applicant requests that this objection be withdrawn.

Claim Rejections Under 35 USC § 112

Claims 1, 3-7, 9, 14-19, 22 and 39 stand rejected under 35 USC § 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. In particular, on page 2 the Office Action alleges that the claim terms "threshold value" and "utilization data" are not clear from the specification, drawings and claims. As mentioned during the interview, the Applicant believes that the terms "threshold value" and "utilization data" are used repeatedly throughout the specification and drawings. For example, paragraph 41, reproduced below, includes examples of how the threshold values and utilization data are discussed in the specification:

Figure 3 illustrates an order risk management module 302 in accordance with an embodiment of the invention. A database 304 stores order risk parameter settings.

Column 304b, for example, includes delta utilization **threshold values**. Delta utilization threshold values may be included in order risk data 210 that is transmitted from trader 202 to match system 206. Database 304 may also include the current state of order risk parameters. Column 304c, for example, includes the current delta utilization state for the entities listed in column 304a. The current utilization state of an order risk parameter is calculated by adding together the utilization values of the order risk parameter from previous trades. For example, if a trader is involved in two trades having individual delta utilization values of +45 and +60, after the second trade is executed, the trader's delta utilization state would be equal to +105.

Figure 3 also shows specific examples of utilization data and threshold values.

The Office Action also alleges that the language "in a manner determined by" in original claims 1 and 14 is unclear. Claims 1 and 14 have been amended to change "in a manner determined by" to -in a manner that is a function of-. This language was discussed with the Examiner in the interview and is believed to be in compliance with under 35 USC § 112, second paragraph.

Claim Rejections Under 35 USC § 103(a)

Claims 1-17 and 39 stand rejected under 35 USC § 103(a) as being unpatentable over U.S. Publication No. 2002/0082967 ("Kaminsky et al.").

Claim 1 includes the features of:

- (c) utilizing the derivative product order and a trader's current order risk utilization state to calculate utilization data; and
- (d) processing the derivative product order in a manner that is a function of the derivative product order risk data and the utilization data.

Kaminsky et al. describes a trading system used by market makers to manage risks. The system disclosed in Kaminsky et al. is designed to address risks associated with a rapid sequence of trades. See, for example, paragraph 108:

Because the exchange quote modification service is intended to address increased risks associated with a rapid sequence of trades, older trades need not be included because the market-maker has had an opportunity to manually intervene and modify his quotes. Thus, the aggregate risk measurement may be based on the last N trades, where N is a trading parameter specified by the market-maker, or may

be based on trades occurring within a specific time frame. The duration of the time frame may be specified by the market-maker by providing a time window parameter t_K , which is included as a trading parameter. Alternatively, a default value for t_K may be used.

As such, the system disclosed in Kaminsky et al. is concerned with only analyzing risk parameters associated with past trades. There is simply no discussion in Kaminsky et al. for processing any orders in a manner that is a function of any other orders or characteristics of those orders.

On page 3, the Office Action suggests that the feature of “(c) utilizing the derivative product order and a trader’s current order risk utilization state to calculate utilization data” is found in Kaminsky et al. at paragraphs 87-105. The Applicant respectfully suggests that paragraphs 87-105 merely describe embodiments that analyze risk data for recent trades. There is no suggestion at all for looking at derivative product order risk data. As mentioned in the interview of August 14, 2006, there is a fundamental difference between analyzing risk data associated with recent trades and risk data associated with orders. Derivative product order risk data may change as an underlying market changes. With aspects of the present invention, traders are able to manage risks associated with such changes. With the system disclosed in Kaminsky et al. all analysis is based on past trades, so as an underlying market changes the risks associated with a trader’s orders are not captured by the system and the trader is exposed to risks that can be managed with embodiments of the present invention.

On page 3, the Office Action suggests that the claimed feature of “(d) processing the derivative product order in a manner determined by the derivative product order risk data and the utilization data” is found at paragraphs 107-108 in Kaminsky et al. As noted above, this claim language has been amended. However, in paragraphs 107-108, Kaminsky et al. merely describe an “exchange quote modification service.” There is no discussion at all of processing a derivative product order in a manner determined by or as a function of any utilization data.

For at least these reasons, the Applicants submit that claim 1 is in condition for allowance. Claims 2-17 depend from claim 1 and are allowable for at least the same reasons as claim 1.

Claim 39 includes the features of:

(c) determining a trader’s current order risk parameter utilization value; and

(d) executing the derivative product order when the trader's current order risk parameter utilization value does not exceed the threshold value.

As mentioned above, the system disclosed in Kaminsky et al. analyzes risk data associated with past trades and does not use "a trader's current order risk parameter utilization value." Applicants therefore believe that claim 39 is in condition for allowance and requests reconsideration of this rejection.

Claims 18-23 stand rejected under 35 USC § 103(a) as being unpatentable over Kaminsky et al. in view of Lundberg, et al., U.S. Publication No. 2003/0097328

Claims 18-23 each depend from claim 1. Claims 18-23 are allowable for at least the same reasons as claim 1, as well as for the reason that several of the claimed features in claims 18-23 are also not disclosed or fairly by Kaminsky et al. or Lundberg, et al, either singly or in combination. For at least these reasons, Applicants respectfully submit that claims 18-23 are in condition for allowance.

CONCLUSION

Applicants therefore respectfully request reconsideration of the pending claims and a finding of their allowability. A notice to this effect is respectfully requested. Please feel free to contact the undersigned should any questions arise with respect to this case that may be addressed by telephone.

The Commissioner is authorized to charge any fee or credit any overpayment of fee
Deposit Account No. 19-0733.

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Respectfully submitted,



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